

## **The Effect of Governance on Employees' Job Satisfaction, Intention to Leave and Task Performance (A Case of University of Gondar)**

Yilak Alamrew<sup>1</sup>, Haimanit Belay<sup>2</sup>, and Assegid Demissie Shishigu<sup>3</sup>,

<sup>1</sup>MBA,[yalamrew@yahoo.com](mailto:yalamrew@yahoo.com), <sup>2</sup>MSc In Marketing,[haymanoteb@yahoo.com](mailto:haymanoteb@yahoo.com), and <sup>3</sup>PhD,  
[assegid04@gmail.com](mailto:assegid04@gmail.com)

### **Abstract**

The purpose of this study was to assess good governance, employee satisfaction, employees' performance level and employees; intention to leave the University. A sample of 338 employees (both academics and supportive) was randomly selected. Adapted standard research instruments were used. The result of the study shows that many of the respondents did not confirm that the university is not exercising good governance. Most of these employees are not satisfied with their job and have intention to leave. About 45 percent of the variability in employees' job satisfaction is accounted for by its relationship of viewing governance, but only five percent of the variability in number of employees' intention to leave and -04 percent of the variability in employees' performance is accounted for by its relationship of viewing governance. Therefore, to solve those managerial problems the university must improve its governance.

**Key words: Governance, Job satisfaction, Intention to leave, Task performance**

### **1. INTRODUCTION**

Good governance is an unclear term used to explain how public organizations conduct public affairs and manage public resources (Agere, 2000). Governance centers on the responsibility of governments and organizations to meet the needs of the people than selecting certain groups in an organization or society (Ibid). Good governance is the process that produces results that meet the needs of people by making the best use of resources at their disposal (Sheng, 2009). It also consists the free flow of information and accessibility to those concerned with it, (Graham et al.2003). In good governance all employees feel that they have a stake in and do not feel excluded from the mainstream of organization (Sheng, 2009). John, K., & Sen Bet, L. (2004) and other researchers pointed out the antecedents and consequences of good governance. However, there are few researches that focused mainly on the effect of good governance on managerial issues such as, employees' job satisfaction, intention to leave and employees' performance. That is why this study tried to address these issues in the case of University of Gondar Settings.

### **2. RESEARCH METHODS**

To do the research goals, a cross sectional survey of employees carried out at the University of Gondar. The population of this study comprises Academic staffs and permanent employees working at (Human Resource, Finance, Registrar, and Library) directorates of the University. With this regard, there are 1560 Academic staffs and 484 Supporting staffs in total 2044 were taken as the target population. The sample size was 770. To select these 770 samples, first proportional stratified sampling technique was employed by dividing the population into different directorate and colleges of the university. The simple random sampling technique was used to select each respondent from the respective strata/group. At end 338 workable questionnaires were collected. To measure good governance instrument adapted from the Sustainable Governance Indicators (SGI), developed by Economic Co-operation and Development (OECD) countries (2009) used. This instrument has 26

questions to check the reliability of the instrument, Cronbach's Alpha (.937) was tested. The second research tool used to measure employee job satisfaction is also adapted from the measuring tool which is the original work of Wood et al. (1986) and also adopted from the work of Puranai & Sahadev(2007). This research instrument has 11 items and its reliability was checked by means of Cronbach's Alpha. The Cronbach's Alpha test result was found to be (.752). The third instrument used to measure employees' performance was From the instrument developed by Babinand Boles (1996). The Cronbach's Alpha test result was (.882). The fourth instrument used to measure intention to leave the organization was adapted from to measure the intention to leave of a three item construct adopted by the work of Jenkins (1993) is used. All items of these instruments were rated on a five-point Likert type scales ranging from '1' "*strongly disagree*" to '5' "*strongly disagree*." But for the sake of simplification of the data analysis, the Likert scales "*strongly disagree and disagree*" and as well as Strongly Agree and Agree are combined and scales "Disagree, Neutral and Agree" are used for data analysis.

**Table 1 Reliability Statistics**

Variables	Cronbach's Alpha	N of Items
Good governance	.937	26
Job satisfaction	.752	11
Intention to leave	.868	3
Employees performance	.882	5

## 2. Literature Review

### 3.1 Good governance

According to Sheng, (2009), governance is the method of decision-making and the course of action by which decisions are put into effect or not implemented. Even if, governance encompasses each organization in society, mostly governance is used in corporate governance, local governance, national governance and international governance (United Nations Economic and Social Commission for Asia and the Pacific; Smith, 2007).

Good governance is being clear about the duties of the administrating body, employees' and managers' responsibilities. It is also making sure that responsibilities will be implemented, or it means performing it effectively, OPM and CIPFA, (2004):www.opm.co.uk.

Good governance is also promoting values for the organizations and putting these values into carry out. It builds the capacity of bringing effective leadership, making sure that appointed employees has the required skills, knowledge and experience to perform the job (Ibid). According to Plumptre and Grahm( 1999) One of the root causes of all sin within institutions is bad governance. Instead, good governance understands formal and informal accountability, taking an active and planned move toward to responsibility to staff, and engaging effectively with institutional stakeholders, OPM and CIPFA (2004):www.opm.co.uk. "Good governance" implies many different things in different contexts (Khan, 2004; Poluha and Rosendahl, 2002).

### 3.2 Job satisfaction

"Job" means task, an obligation, paid position, or responsibility (Hornby and Cowie, 1995).The term "Satisfaction" connotes a feeling of happiness, the attainment of needs, action of fulfilling desires and demand goals (Ibid). Job satisfaction is one's cognitive, emotional, and behavioral responses to a job as a result of evaluation of job characteristics and job-related factors (Locke, 1976). It is how people feel about their jobs, different aspects of their jobs. Job satisfaction is the level to which employees like or dislike their tasks (Spector, 1997; Agho and Price, 1992). Job satisfaction can be both extrinsic and intrinsic. The salary and promotion provided by the organization are extrinsic aspects of job satisfaction. Work colleagues, educational opportunities, organizational support, needs of recognition and accomplishment, and social support are the intrinsic aspects ( Koeske et al., 1994;Kaliski, 2007). According to Spector, (1997) job satisfaction has nine aspects: supervision, pay, benefits provided,

promotion, nature of the work, contingent, and rewards, dealing with coworkers, operating procedures and policies, and communication.

A Job satisfaction also refers to peoples' the attitude and feelings people about their task. Positive attitudes towards the job indicate job satisfaction.. People work to satisfy their biological needs, social and ideological. Apart from this, people work because work produces wealth. Incase when these needs are not met (Ibid).Job satisfaction influences a variety of important aspects of the organization such as attitudes, intentions and behaviors. It is an extent to which one feels positively or negatively about aspects of one's job (Bhuian & Menguc, 2002). Employees develop attitudes toward such job facets as co-workers, work variety, pay, promotion, organizational policies, and supervisors (Johnson & Johnson, 2000; Spector, 1997). Job satisfaction is the compilation of feeling and beliefs that people have about their current work. Job satisfaction is an important work-related attitude in employees' research for a number of reasons (Boles et al., 2003). In general according to Armstrong, 2006; Saiyadain, 1988), Job satisfaction is outcomes of good human resource management.

### **3.3 Good governance and Job satisfaction**

Al-Mobaydeen. (2009) pointed out the effectiveness of corporate governance on internal auditor's independence at Jordanian Commercial Banks. The result showed that corporate governance (i.e. protecting stakeholders Rights, Transparency and Disclosure) did not significantly related to corporate governance (i.e. Equity Deal, Owners, and Board of Directors' Responsibility). In addition, Chiang (2005) assessed the association between elements of corporate governance (such as, transparency and operating performance measures). The result revealed that corporate transparency had a significant positive association with operating performance. Also, good corporate governance was found to relate significantly and positively to operating performance.

results of several studies have shown that employees are more likely satisfied when they are able to use their knowledge and skills to the task, perform multiple jobs, participative in decision-making, supervisors acts towards their workers, the organization recognizes and provide incentive to employee talents (Bassett, 1994). The facet of the job satisfaction determines the level of job satisfaction on the basis of employees' perception on how much are they satisfied with the guidelines provided to them by their supervisors to carry out their job Wood et al. (1986). Compensation as one of the most extrinsic indicators determines the level of job satisfaction of employees by knowing how much they are satisfied with the pay or any other security their jobs have provided to them (Churchill et al., 1974).

### **3.4 Good governance and intention to leave**

Due to poor corporate governance in Nigeria, two-thirds of its 36,134 academic staff positions remain unfilled (Tettey, 2006). Excellence of any higher education institution is a function of the people it is able to enlist and retain in its faculties (Atuhaire 2010). Tettey (2006) points out that by 2000 the University of Ghana's medical school had lost about half of its teaching staff. Due to a dearth of skilled manpower and a Continuous brain drain the South African organizations are under pressure to keep on hand talent (Olorunjuwon, 2008)

### **3.5 Good governance and Performance**

Governance' laws, rules, judicial decisions, and administrative practices determine employees' job performance (Lynn, Heinrich, and Hill 2001). According to Uwuigbe Olubukunola Ranti,( 2011), significant relationship was also noticed between directors' level of governance disclosure and performance. His findings indicate that inadequate business participation, poor reaction, need of awareness about the management, lack of democracy, corruption, poor sense of ownership, dual responsibility and need of members' awareness were found to be the reasons for weak employees work performance (Dayanandan, R., 2013).Poor governance of public organizations is related to ineffectiveness and inefficiency of service delivery (Public Complaint Bureau, (2012) cited in Mohd Hamran Mohamad, Zulkiflee Daud and Khulida Kirana Yahya, 2014: 320)

#### 4. DATA ANALYSIS AND DISCUSSION

##### 4.1 Descriptive statistics of the variables

From the total respondents 64.4% were male.84.9% of them have first degree and above and 78.1% of they are serving in the University for 2 and more years. Out of the respondent 56.5% were Academics staffs.

According to the result of table 2, 138(41%) of respondents confirmed that as they did not perceived good governance in the University. Only 99(29%) of them agree on the existence of good governance, while the remaining 101(30%) respondents were indifferent. or preferred to be neutral. Table 2 also reveals that 163(48%) of the respondents is not satisfied with their job, while 116(34%) conformed their satisfaction. On the other hand, 216(64%) of the respondent believed their own task performance is good 52(15%) of them are do not want tell about the task performance level. But other 40(12%) of they confirm that their task performance levels was poor (table 2). In addition to that Table 2 shows that 164(49%) of the respondents had intention to leave the University. 75 (22%) of them are indifferent, while 99(29%) of the respondents have intention to leave the university. **This implies that most of the employees are dissatisfied, perceived the lack of good governance and they have intention to leave whenever they get opportunity.**

**Table 2: Frequency distribution of Independent and dependent variables**

		Disagree		Neutral		Agree	
		F	%	F	%	F	%
1	Governance	138	<b>41</b>	101	30	99	29
2	Job Satisfaction	163	<b>48</b>	59	18	116	34
3	Employees' performance	40	12	52	15	216	<b>64</b>
4	Intention to leave	99	29	75	22	164	<b>49</b>

##### 4.2 The effect of Good Governance on Employees Job Satisfaction

Table 3 reveals the relationship between governance and employees' job satisfaction that there is a significant positive correlation between these two variables ( $r^2=.674$ ,  $p=0.01$ ). As it is shown in table 4, approximately .45% of the variability in number of employees' job satisfaction is accounted for by its relationship to viewing governance ( $r^2=.455$ , Adjusted  $r^2=.453$ , at  $P=0.01$ )

##### 4.3 The effect of Good Governance on intention to leave

Table 3 reveals the relationship between governance and employees' **intention to leave** that there is a significant negative correlation between these two variables  $r^2=-.235$ ,  $p=0.01$ ). As it is shown in table 4, approximately only 5% of the variability in number of employees' intention to leave is accounted for by its relationship to viewing governance ( $r^2=.55$ , Adjusted  $r^2=.052$ , at  $P=0.01$ ).

##### 4.4 The effect of Good Governance on employees' performance

Table 3 reveals the relationship between governance and employees' performance that there is a significant negative correlation between these two variables ( $r^2=.041$ ,  $p=0.01$ ).

**Table3: Correlations between independent and dependent variables**

	1	2	3
Governance	1		
Employees job satisfaction	.674**		
intention to leave	-.235**	-.170**	
employees performance	.041	.187*	.509**

\*\* . Correlation is significant at the 0.01 level (2-tailed). \* . Correlation is significant at the 0.05 level (2-tailed).

As it is shown in **Table 4**, approximately only -04% of the variability in number of employees' job performance is accounted for by its relationship to viewing governance ( $r^2=.002$ , Adjusted  $r^2=-.004$ , at



P=0.01). This implies the lack of good governance of the university has the influence on their low employees' job performance and their desire to leave is high.

**Table 4: Prediction of Governance on dependent variables**

Prediction of Governance on Job Satisfaction			
R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Sig.
.674 <sup>a</sup>	.455	.453	.000
Prediction of Governance on employee's intention to leave			
R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Sig.
.235 <sup>a</sup>	.055	.052	.000
Prediction of Governance on employee's performance			
R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Sig.
.041 <sup>a</sup>	.002	-.004	.582

## 5. Conclusions

A considerable number of employees perceived the absence of good governance in the University. The other 30 percent are indifferent or preferred not to voice their perceptions. On the other hand, only 34 percent of both the academic and supporting staffs are satisfaction. Many of the respondents (64 percent) of them confirm as their own task performance is good. But only 29 percent of them have no intention to leave the university.

When we see the influence of governance with employees job satisfaction, performance and intention to leave, approximately 45 percent of the variability in number of employees' job satisfaction is accounted for by its relationship to viewing governance, but only five percent of the variability in number of employees' intention to leave and -04 percent of the variability in number of employees' performance is accounted for by its relationship to viewing governance.

## Reference

- Armstrong, M. (2006). *A Handbook of Human Resource Management Practice* 10<sup>th</sup> edition, Cambridge, UK, University Press
- Agere, Sam (2000). *Promoting good governance*. Common wealth Secretariat.
- Agho and Price (1992). *Discriminates validity of measures of job satisfaction, positive affectivity and negative affectivity*, Health Care Management, Florida A & M University, Ware-Phaney BL 103, Tallahassee, FL 32307, USA
- Amutuhaire, T. (2010). Terms of Service and Job Retention among Academic Staff in Makerere University, Master's Thesis, MUST, Kampala. Tetey, 2006 cited in Dr. Oyagi N. Bernard
- Babin, B. J., & Boles, J. S. (1996). The effects of perceived co-worker involvement and supervisor support on service provider role stress, performance, and job satisfaction. *Journal of Retailing*, 72:67-76.
- Bassett, G. (1994). The case against job satisfaction. *Business Horizons*, 37: 61-68.
- Brief, A. P. (1998). *Attitudes in and around organizations*. Thousand Oaks, CA: Sage.
- Bhuian, S. N., & Menguc, B. (2002). Evaluation of Job Characteristics, Organizational Commitment and Job Satisfaction in an Expatriate, Guest Worker, Sales Setting. *Journal of Personal Selling and Sales Management*, 22: 1-12
- Boles, J.S., Wood, J.A., & Johnson, J. (2003). Interrelationships of role conflict, role ambiguity and work family conflict with different facets of job satisfaction and the moderating effects of gender. *Journal of Personal Selling & Sales Management*, 23, 2: 99-113
- Brown, D. and McIntosh, J. (1998). If You're Happy and You Know It... Job Satisfaction in the Low Wage Service Sector, Discussion Paper 405, Centre for Economic Performance, London.

- Chiang, H. (2005). An empirical study of corporate governance and corporate performance. *The Journal of Law and Economics*, 31,1: 122-140.
- Churchill, G. A., Ford, N. M. and Walker, O. C. (1974). Measuring the Job Satisfaction of Industrial Salesmen', *Journal of Marketing Research*,11,3:254–60
- Dayanandan R. (2013), Good Governance Practice for Better Performance of Community Organizations - Myths and Realities!! , *Journal of Power, Politics & Governance*,1 . 1:10-26
- Graham LA, et al. (2003) Structure and assembly of the yeast V-ATPase. *J Bioenerg Biomembr* 35,4:301-12
- Hornby, A.S. and Cowie, A. P. (1995). Oxford Advance Dictionary of Current English 5th Edition Oxford University Press
- Jenkins, J.M. (1993). Self-monitoring and turnover: the impact of personality on intent to leave. *Journal of Organizational Behavior*, 14:83-91
- John, K., & Senbet, L. (2004). Corporate Governance and Board Effectiveness. *Journal of Banking and Finance*. 22: 371-403
- Johnson, G.J., & Johnson, W.R. (2000). Perceived over qualification, positive and negative affectivity, and satisfaction with work. *Journal of Social Behaviors and Personality*, 15,2:167-185.
- Kaliski, B.S. (2007). Encyclopedia of Business and Finance, Second edition, Thompson Gale, Detroit, p. 446
- Khan, M.H., (2004). *State formation in Palestine: viability and governance during a social transformation*: Volume 2 of Political economy of the Middle East and North Africa.
- Kharbanda, S. (2012). *Employees' position during Transfer of understanding- A Corporate Governance perspective*, Christ University, Uttar Pradesh
- Koeske, G. F., Kirk, S. A., Koeske, R. D., & Rauktis, M. D. (1994). Measuring the Monday Blues: Validation of Job Satisfaction Scale for the Human Service. *Social Work Research*, 18 :27-35.
- Locke, E.A. (1976). *The nature and causes of job satisfaction*. In M.D. Dunnette (Ed.), *Handbook of industrial and organizational psychology* (pp.1297-1349). Chicago: Rand McNally,
- Lynn, Laurence E. Jr., Carolyn J. Heinrich, and Carolyn J. Hill. (2001). *Improving Governance: A New Logic for Empirical Research*. Washington, DC: Georgetown University Press
- Mohd Hamran Mohamad, Zulkiflee Daud and Khulida Kirana Yahya, (2014). Impact On Employees' Good Governance Characteristics, The Role Of Transformational Leadership As Determinant Factor international *Journal of Science, Environment and Technology* 3, 1:320 – 338
- OPM and CIPFA,( 2004), 252b Gray's Inn Road,London,web: [www.opm.co.uk](http://www.opm.co.uk).OPM (Office for Public Management Ltd);CIPFA (The Chartered Institute of Public the Independent Commission on Good Governance in Public Services
- Plumptre and Graham, 1999 Tim Plumptre & John Graham Institute On Governance and Good Governance: International and Aboriginal Perspectives [s://www.google.com.et/search?](http://www.google.com.et/search?)
- Sheng**, Y. K., (2009), what is Good Governance? United Nations Economic and Social Commission for Asia and the Pacific, <http://www.unescap.org/resources/what-good-governance>
- Spector, P. E. (2007). *Job Satisfaction: Application, Assessment, Causes, and Consequences*. California: Sage Publications.
- United Nations Economic and Social Commission for Asia and the Pacific (1997). Governance for Sustainable Human Development, policy paper on governance and how it relates to human development Re-conceptualizing Governance, UNDP
- Uwuigbe Olubukunola Ranti,(2011). *Corporate Governance And Financial Performance Of Banks: A Study Of Listed Banks In Nigeria*
- Wood, V.R., Chonko, L. B., & Hunt, S. (1986). Social Responsibility and Personal Success: Are they Incompatible? *Journal of Business Research*, 14: 193-212